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MONTHLY STATISTICAL SUMMARY

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Current Trends

In the face of widespread fears of an immiment downturn in total economic activity, demand for paper and paperboard continues to keep mills operating at near capacity levels. New orders for printing papers and paperboard - the two sectors for which such data are available - are holding up well, coming in at a rate close to their year-to-date average levels. Unfilled order backlogs are generally at or above their year-to-date average, with uncoated groundwood paper unfilled orders at a high for the year.

There is some concern over inventory building in the fourth quarter, which would affect production levels in the early months of 1980. Recent data on inventories in the economy as a whole suggest that inventory additions were rather small in the third quarter. High interest rates in the fourth quarter will further defer any deliberate build up in stocks. Available data on inventories at paper and paperboard mills, at converting plants, and at paper merchants indicate relative balance in relation to rates of usage.

Paper and paperboard new supply (production plus imports less exports) in the first ten months of 1979 is estimated at a

Continued on Page 2

rate of 70 million tons per year, 3.9% above the corresponding 1978 rate, in line with general business activity. Total industrial production is up by more than 4%, while real GNP in the first three quarters of 1979, showed nearly a 3% gain.

Production

Although total paper and board production rose nearly 8% from September to October, to a level nearly 7% over the strike-depressed level of October 1978, this was less than the usual seasonal increase. The October seasonally adjusted rate eased to 64.2 million tons per year from the 65 million ton per year rate for the third quarter of the year. However, paper and paperboard production was close to capacity in October. If production were to maintain its October rate for the remainder of the year, the 1979 total would exceed 64.5 million tons, for a 4.7% gain over the 61.6 million tons produced in 1978.

Production trends of the various paper and paperboard grades continued along the respective tracks developed in the earlier months of the year. Demand for printing papers was relatively strong, reflecting high levels of output in the printing and publishing industry. Tissue paper production has been extremely strong, with the January-October 1979 total some 7-½% over the strike affected year-ago level. The major strength in paperboard production continued in the containerboard sector, reflecting strong demand for corrugated shipping containers. Production of both bleached and recycled folding boxboard is barely matching year-ago levels. Total solid bleached board is holding close to year-ago rates. With the exception of milk carton stock, the packaging grades are all below year-ago levels, but strength in the milk carton stock and in non-packaging grades just about offset the losses. Recycled paperboard production is about 2% ahead of its year-ago rate, but only recycled linerboard and gypsum wallboard facing are showing increases; the other grades are all below year-ago levels.

Imports and Exports

According to the Department of Commerce, exports of paper, paperboard and products strengthened in September from the July August rates, to bring the year-to-date rate to 3.6 million tons per year. Exports of primary paper and paperboard were up 4.3% with the paper total a shade below the year-ago level, but paperboard showing better than a 6% gain. Within the paper grades, however, exports of groundwood paper are running at 80,000 tons per year, up 63% from the 1978 level; kraft papers are about 50,000 tons a year, up 10%; other packaging and industrial converting papers are at 136,000 tons per year, up 6%. On a tonnage basis, the gains in paperboard exports are concentrated in the kraft paperboard area. Exports of paper and paperboard converted products are showing strong gains. Although the

Continued on Page 11

PAPER AND PAPERBOARD STATISTICS

PRODUCTION, SHIPMENTS AND ORDERS

(Thousands of Tons)

	YEAR 1977	YEAR 1978	JULY 1979	AUG. 1979	SEPT 1979	OCT. 1979	Annual Rate Y-T-D 1979	% Change from same Period Last Year
PAPER					R	P		
Newsprint - Production	3870	3768	335	360	340	350	4040	7.3
- Shipments	3866	3779	337	358	339	350	4038	6.9
Printing & Writing	13865	14545	1219	1380	1245	1348	15452	5.9
Groundwood Paper - Shipments	1331	1309	121	131	119	125	1465	13.0
- New Orders	1336	1367	130	136	124	135	1506	8.5
- Unfilled Orders	137	179	195	195	201	212	212	9.7
Coated Paper - Shipments	4261	4448	360	405	364	398	4506	0.6
- New Orders	4279	4428	393	410	331	382	4502	1.5
- Unfilled Orders	398	404	463	460	400	421	421	13.4
Unctd Free Sheet - Shipments	6777	7225	617	699	631	685	7853	8.3
- New Orders	6833	7542	635	697	628	658	7853	2.5
- Unfilled Orders	436	754	777	755	747	734	734	-4.7
Thin Paper - Production *	362	354	29	33	32	33	384	8.4
Cotton Fiber Paper - Shipments	108	114	9	11	10	12	126	11.0
Bleached Bristols -Production*	1026	1095	84	101	88	94	1118	2.1
Tissue Paper - Production	4286	4215	374	401	368	390	4572	7.5
Total Packaging & Other Paper	5390	5314	458	497	469	515	5784	7.5
Unbl. Kraft Paper - Shipments	3815	3884	321	337	319	350	3993	1.4
Other Paper - Production * ◊	1575	1430	137	160	150	165	1790	24.2
TOTAL PAPER-Production-Unadj.	27411	27842	2385	2637	2422	2603	29848	6.6
-Production-S.A.			2513	2568	2508	2479	29730	6.7
PAPERBOARD - PRODUCTION							**	
Solid Wood Pulp Furnish	21636	22790	1922	2081	1935	2098	24065	4.4
Unbleached Kraft Linerboard	12573	13228	1123	1233	1142	1251	14048	5.3
Production for Export	1290	1466	125	142	126	141	1577	6.5
Other Unbl. Kraft Paperboard	1078	1145	95	101	89	101	1247	4.3
Semichemical Paperboard	4264	4439	380	406	387	403	4739	6.3
Production for Export	122	119	10	9	6	7	96	-19.4
Solid Bleached Paperboard	3721	3979	324	340	318	343	4031	-0.5
Production for Export	389	430	30	38	33	37	436	-0.5
Recycled Paperboard	7317	7485	562	670	622	675	7700	2.2
Production for Export	30	22	2	2	1	1	19	-15.4
TOTAL PAPERBOARD-Prod.-Unadj.	28953	30275	2484	2750	2558	2773	31764	3.9
- Production - S.A.			2582	2590	2670	2586	31348	3.9
- New Orders	29022	31194	2685	2774	2555	2854	32621	2.7
- Unfilled Orders	1037	1370	1625	1589	1622	1594	1594	4.4
WET MACHINE BOARD *	128	142	10	16	14	14	168	17.1
BUILDING PAPERS *	1850	1956	147	165	160	165	1937	-2.0
INSULATING BOARD *	1435	1417	107	132	115	125	1448	3.3
TOTAL ALL GRADES - Unadjusted	59778	61632	5133	5701	5269	5679	65165	4.9
- Production - S.A.			5364	5451	5465	5351	64588	4.9
HARD PRESSED BD. (not in total)*	2237	2180	188	194	175	200	2168	-2.5

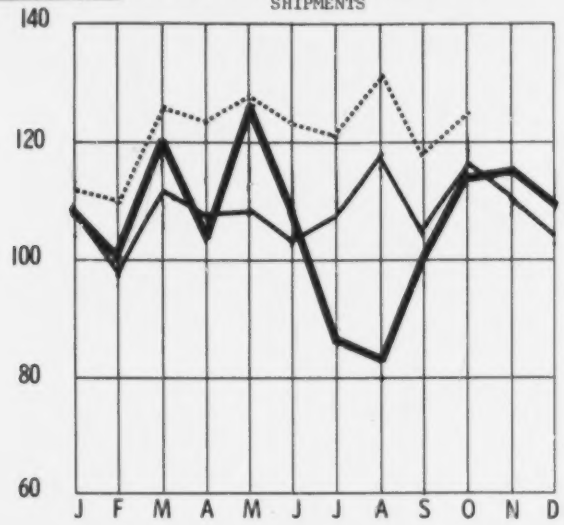
* Census Data - Production. Last two months estimated.
◊ Production excludes API bleached kraft envelope.
** Includes revisions not available monthly.

S.A. Seasonally Adjusted
P Preliminary
R Revised

THOUSANDS OF TONS

GROUNDWOOD PAPER, UNCOATED

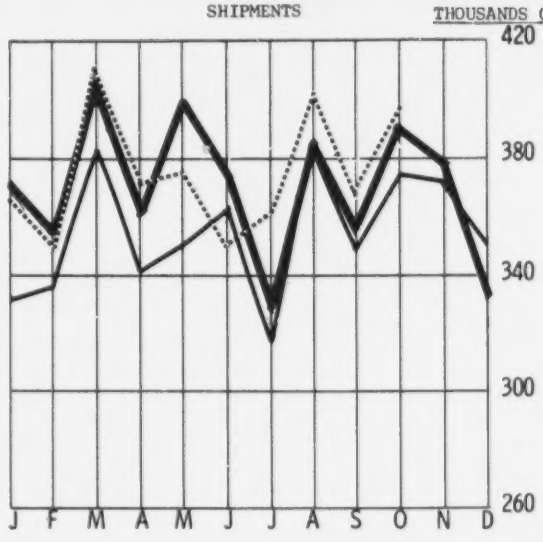
SHIPMENTS



COATED PAPER

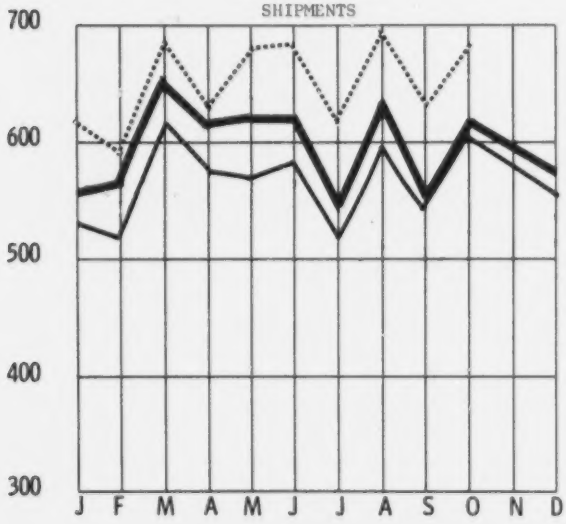
SHIPMENTS

THOUSANDS OF TONS



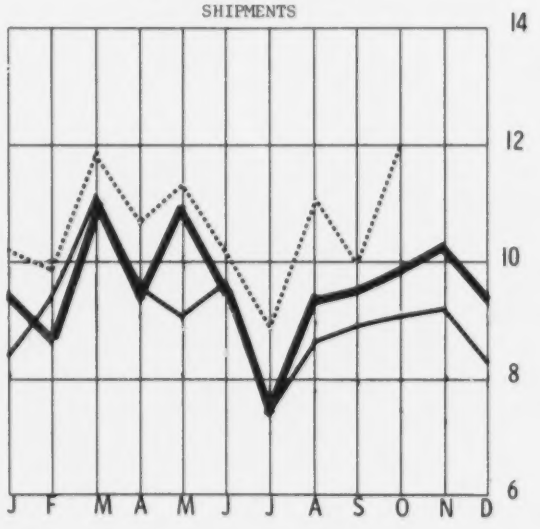
UNCOATED FREE SHEET PAPERS

SHIPMENTS



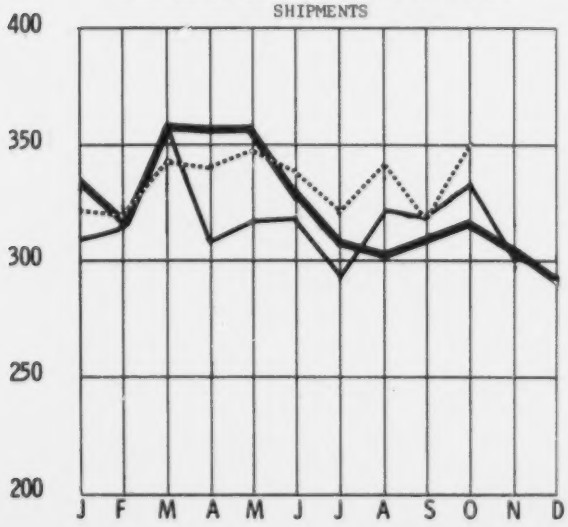
COTTON FIBER PAPER

SHIPMENTS



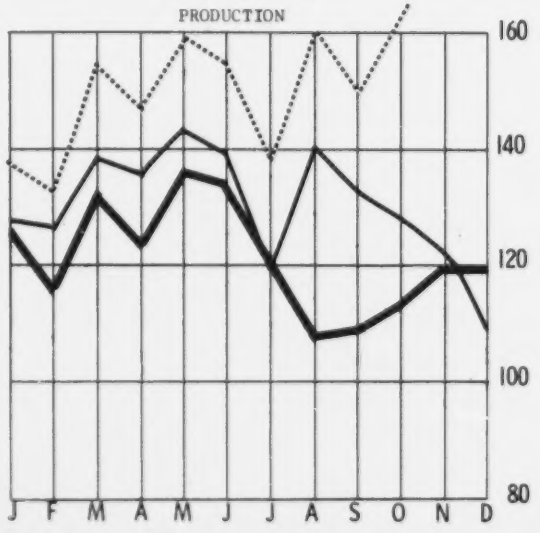
UNBLEACHED KRAFT PACKAGING AND INDUSTRIAL CONVERTING PAPER

SHIPMENTS



OTHER PAPER

PRODUCTION



1977 —— 1978 ▬▬ 1979 ·····

WOOD PULP STATISTICS
(Thousands of Tons)

	YEAR 1977	YEAR 1978	JUNE 1979	JULY 1979	AUG. 1979	SEPT 1979	Annual Rate Y-T-D 1979	% Change from same Period Last Year
TOTAL WOOD PULP (1)					R	P		
Total Wood Pulp - Production	46652	47662	4321	4092	4393	4087	50024	4.6
- Imports	3864	4025	347	352	378	323	4328	10.2
- Exports	2640	2599	310	279	247	275	2843	7.4
- New Supply	47877	49088	4357	4165	4524	4135	51518	4.9
Dissolving Pulp - Production	1467	1411	136	125	155	109	1469	-0.1
- Imports	181	189	7	10	19	24	189	7.3
- Exports	796	758	83	88	71	63	745	-6.7
- New Supply	852	842	60	47	103	69	914	7.8
Paper Grades - Production	36897	37847	3369	3189	3409	3213	39369	3.6
Chemical Pulp - Imports	3481	3627	332	326	331	285	3928	10.5
- Exports	1763	1780	217	187	171	203	2025	14.1
- New Supply	38615	39694	3484	3327	3569	3295	41273	3.7
Groundwood and - Production	4403	4373	369	360	387	369	4459	2.6
Thermo-Mech. - Imports	203	208	8	16	27	14	210	7.1
- Exports	81	62	9	4	4	8	63	-3.5
- New Supply	4525	4519	368	371	410	375	4606	2.9
Semi-Chemical - Production	3886	4031	446	419	441	397	4726	18.0
- Imports	0	0						
- Exports	0	0	------	Included	with	Groundwood	Pulp	------
- New Supply	3886	4031	446	419	441	397	4726	18.0
MARKET WOOD PULP								
Total Market - Production	4819	5165	501	487	516	483	5598	7.3
Wood Pulp - Imports	2684	2816	262	247	240	226	3062	9.5
- Exports	2359	2480	312	243	238	287	2723	9.1
- New Supply	5144	5501	451	490	517	422	5936	7.6
Dissolving Pulp - Production	1465	1406	136	125	155	108	1470	0.3
- Imports	256	291	20	19	29	28	334	17.1
- Exports	798	824	111	65	93	87	858	0.1
- New Supply	923	873	44	79	91	49	946	5.8
Paper Grades - Production	3263	3675	360	357	354	368	4069	11.0
Chemical Pulp - Imports	2394	2495	242	228	210	198	2721	9.6
- Exports	1515	1613	194	175	141	198	1820	14.0
- New Supply	4143	4557	408	409	423	368	4970	9.2
Groundwood Pulp - Production	90	83	6	5	6	6	58	-31.5
and All Other - Imports	35	26	1	1	1	0	6	-74.0
- Exports	46	42	7	3	4	2	44	6.1
- New Supply	80	67	0	3	3	4	20	-70.1

(1) Prodctn excludes defibrated, exploded & screenings-(000 tons): 1977 - 3218; 1978 - 3155;A.R.Y-T-D'79 - 3143
SOURCES: Total Wood Pulp Imports & Exports - Department of Commerce. Total Wood Pulp Production & Market Wood Pulp Production, Imports & Exports - Pulp & Raw Materials Group, API.

FIBROUS RAW MATERIALS
(Thousands of tons)

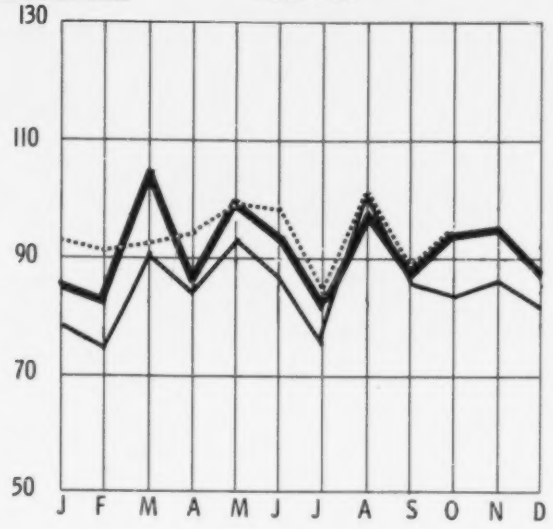
CONSUMPTION AT PAPER & BD. MILLS					R	P		
Total	62399	64043	5654	5321	5812	5399	66614	4.1
Total Wood Pulp (2) A	47596	48777	4344	4154	4462	4130	51033	4.6
Market Wood Pulp A	4216	4774	426	409	428	410	5071	7.0
Waste Paper (3) A	14058	14600	1254	1122	1295	1219	14931	2.5
Rags, Straw & Other C, E	745	666	55	45	55	50	651	-2.6
INVENTORIES								
Wood Pulp at Pulp Mills A	193	130	124	118	122	114	114	-29.5
Market Pulp at Pulp Mills A	277	187	165	178	166	146	146	-28.6
Mkt Pulp at Ppr.& Bd. Mills CE	404	435	452	440	440	425	425	-6.5
Waste Ppr.at Ppr.&Bd. Mills CE	728	740	666	662	662	640	640	-14.0
Rags, Straw and Other at Paper and Board Mills C, E	67	66	79	69	69	65	65	-3.0
Mkt Wood Pulp Days of Supply A	55	44	41	41	41	38	38	-21.7
Wood Pulp Consumption at at Non-Paper Mills C, E	876	884	72	77	82	78	927	7.0

A - Pulp & Raw Materials Group, API; C - Bureau of the Census; E - Most Recent Month Estimated by API
P - Preliminary; R - Revised; (0) - Indicates zero to five-hundred short tons
(2) Excludes consumption of defibrated & exploded pulp for hard pressed bd.: 1977 - 1,688,000; 1978 - 1,655,000 ton
(3) Census Waste Paper Consumpt.(000 tons): 1977 - 12192; 1978 - 13185; 1979(Annual Rate Jan-Aug) 13023

BLEACHED BRISTOLS

PRODUCTION

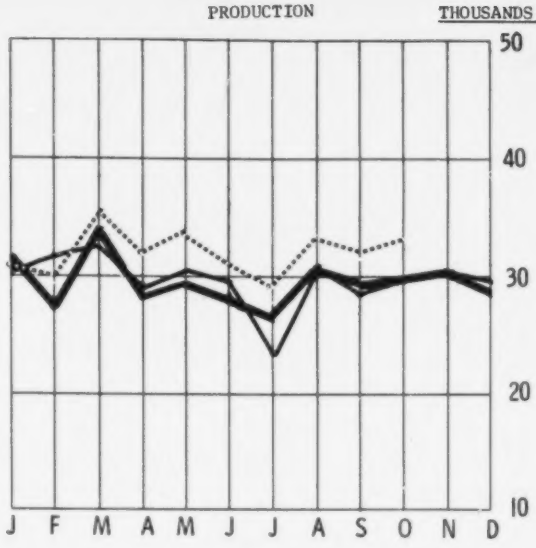
THOUSANDS OF TONS



THIN PAPERS

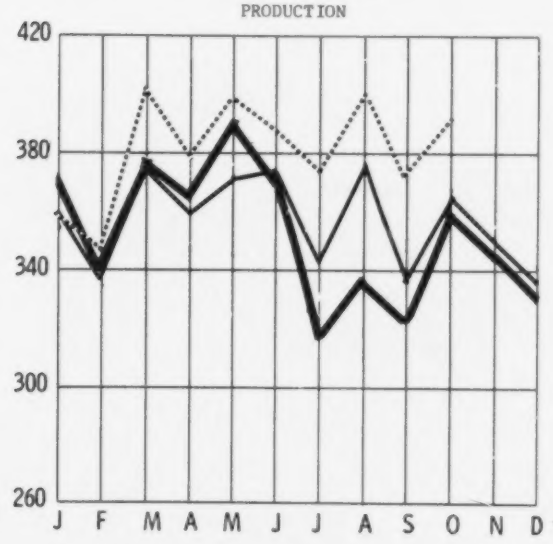
PRODUCTION

THOUSANDS OF TONS



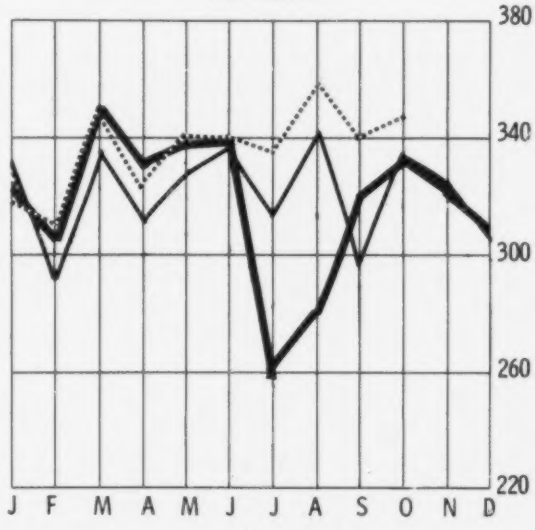
TISSUE PAPER

PRODUCTION



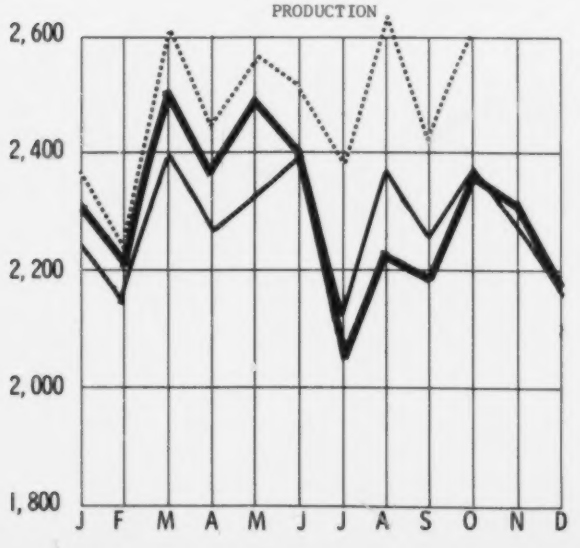
NEWSPRINT

PRODUCTION



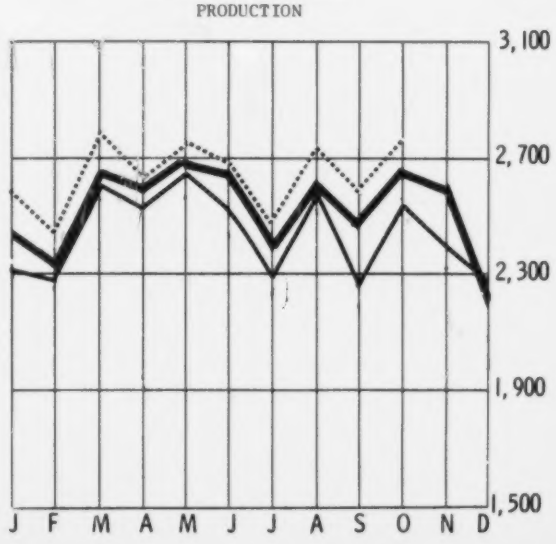
TOTAL PAPER

PRODUCTION



TOTAL PAPERBOARD

PRODUCTION



1977 —— 1978 ▬▬ 1979 ·····

FIBROUS RAW MATERIALS (Continued)

(Thousands of Standard (128 cubic foot) Cords)

		YEAR 1977	YEAR 1978	JUNE 1979	JULY 1979	AUG. 1979	SEPT 1979	Annual Rate Y-T-D 1979	% Change from same Period Last Year
PULPWOOD									
Total U.S.	- Total Receipts	74034	77025	6913	6505	6955	6465	77445	1.2
	- Total Consumpt.	74807	77290	6901	6469	6644	6448	79577	2.1
	- Residues *	30112	30369	2689	2418	2707	2444	30177	-1.3
	- Inventories	6187	6244	4599	4558	4847	4943	4943	-7.8
So. Atlantic	- Total Receipts	23727	25353	2262	2235	2224	2080	25904	3.1
	- Total Consumpt	23820	25204	2316	2353	2158	2194	26619	4.7
	- Residues *	7880	8513	773	745	766	698	8880	4.8
	- Inventories	1003	1191	913	859	972	894	894	8.8
Northeast	- Total Receipts	5954	6664	680	599	656	611	7376	12.0
	- Total Consumpt	6250	6607	641	558	625	554	7529	14.6
	- Residues *	1426	1662	145	118	158	129	1689	1.5
	- Inventories	584	770	578	597	625	684	684	4.9
South Central	- Total Receipts	24367	25572	2349	2136	2332	2157	26244	5.0
	- Total Consumpt	24394	25678	2310	2094	2232	2096	26628	4.5
	- Residues *	8415	8418	784	664	721	673	8815	5.3
	- Inventories	1279	1194	836	787	874	979	979	10.1
North Central	- Total Receipts	4996	5291	502	495	539	480	5455	5.2
	- Total Consumpt	5261	5330	474	409	453	438	5577	5.2
	- Residues *	1430	1456	134	130	131	126	1472	5.3
	- Inventories	1029	968	627	709	786	832	832	-6.9
West	- Total Receipts	14990	14145	1120	1040	1204	1137	12467	-15.0
	- Total Consumpt	15082	14471	1160	1055	1176	1166	13224	-12.7
	- Residues *	10961	10320	853	761	931	818	9321	-12.6
	- Inventories	2292	2121	1646	1606	1590	1554	1554	-26.2

* - Consumption of Residues in Cord Equivalents.
SOURCE: American Pulpwood Association

UNITED STATES TRADE WITH CANADA

IMPORTS FROM CANADA

	YEAR 1978 Tons	YEAR 1978 $000	AUG. 1979 Tons	AUG. 1979 $000	SEPT 1979 Tons	SEPT 1979 $000	Annual Rate Y-T-D 1979	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	267517	11155	32081	1389	10392	442	196383	-17.8
Pulpwood Chips	1817114	34737	149101	2785	109522	2180	1482087	-25.0
Wood Pulp, Total	3847590	1041860	360878	125273	294506	103803	4129736	9.8
Waste Fibrous Materials, Total	99872	13581	10979	1868	10485	1723	98082	-7.5
Paper,Paperboard&Products,Total	8666058	2496771	758809	244314	644801	213963	8433493	-2.3
Paper, Paperboard,Wet Machine Bd. & Constr. Paper & Bd. *	8625089	2454161	755542	240100	641094	208350	8390400	-2.4
Paper, Total	8209265	2382065	714175	232647	603076	201215	7949840	-3.0
Newsprint	7477824	2108925	626437	196009	531372	171088	7013081	-6.5
Printing,Writing & Rel.Pap.	592897	215790	76060	30697	61256	24757	796149	40.5
Pack. & Ind. Conv. Paper	126672	50896	9604	4681	8762	4282	119658	2.2
Special Industrial Paper	556	595	127	157	210	269	3083	741.6
Tissue Paper	11315	5860	1947	1104	1476	819	17868	68.1
Paperboard, Total	97162	16488	6648	1533	6119	1361	74496	-22.6
Wet Machine Board	1437	758	81	34	63	35	1475	6.3
Construction Paper and Bd. *	317225	54849	34638	5886	31836	5739	364590	20.3
Convtd Paper&Paperbd Products	40970	42611	3267	4214	3707	5613	43093	15.6

EXPORTS TO CANADA

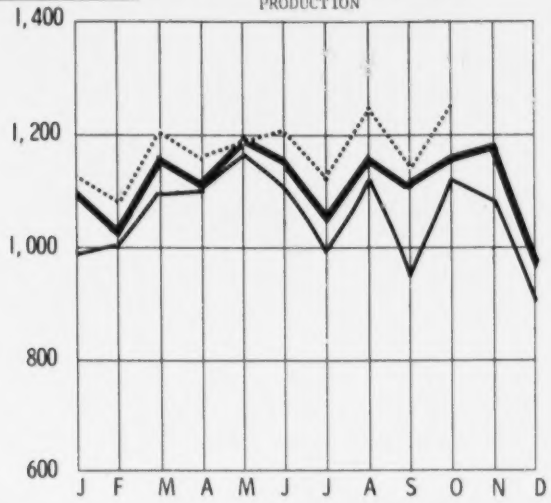
Pulpwood, Roundwood (in cords of 128 cubic feet)	216233	8823	12466	545	14887	698	292829	35.5
Pulpwood Chips	89406	4695	11472	566	5097	205	99544	14.2
Wood Pulp, Total	98813	32570	15358	5928	13821	4422	137957	43.1
Cotton Pulp & Other Pulp	12291	4437	720	341	585	279	8465	5.5
Waste Paper	341671	33467	47994	4837	41841	4499	449259	39.5
Paper,Paperboard&Products,Total	667324	356156	59259	31722	53046	29090	628903	-7.4
Paper, Paperboard, Wet Machine Bd. & Constr. Paper & Board *	469501	232442	41533	21182	38184	19603	456931	-4.4
Paper, Total	196765	143884	16677	12401	17342	12076	178859	-11.7
Newsprint	2368	1794	286	139	113	111	3230	41.2
Printing,Writing & Rel.Pap.	115565	80005	9711	6515	9858	6826	107667	-11.3
Pack. & Ind. Conv. Paper	28732	13338	1812	1206	1488	871	16503	-44.9
Special Industrial Paper	40579	41156	4231	3966	5338	3757	42875	9.3
Tissue	9522	7592	637	574	545	511	8585	-11.8
Paperboard, Total	220964	70738	20787	7303	18669	6589	233364	5.0
Wet Machine Board	4906	2446	567	333	392	199	5521	21.7
Construction Pap. & Bd. E *	46866	15374	3502	1145	1781	740	39186	-19.0
Convtd Paper&Paperbd Products	197823	123714	17726	10541	14862	9487	171973	-14.7
* - Hard Pressed Board (not in total)								
Imports of Hard Pressed Bd.	22803	3622	2089	378	4366	758	25080	7.0
Exports of Hard Pressed Bd.	18926	5216	1720	554	2007	615	22453	21.3

SOURCE: Bureau of Census, Department of Commerce. E - Estimate of tonnage based on square foot data

UNBLEACHED KRAFT LINERBOARD

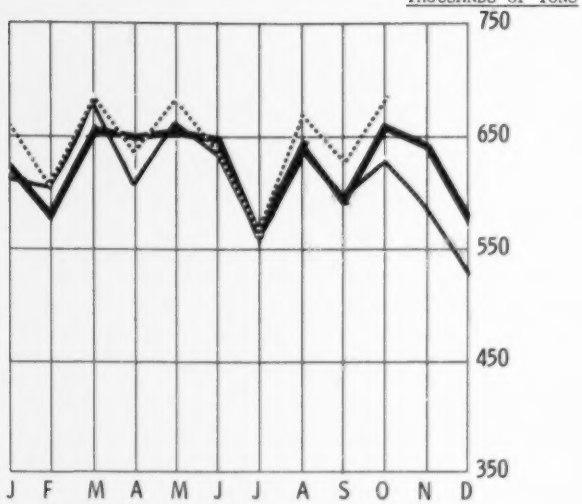
THOUSANDS OF TONS

PRODUCTION



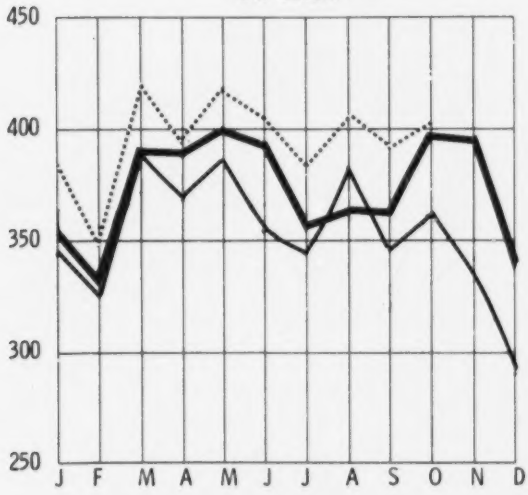
RECYCLED PAPERBOARD

THOUSANDS OF TONS



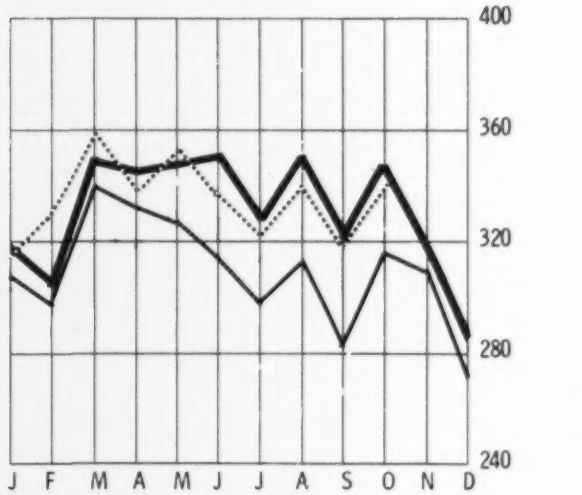
SEMI-CHEMICAL PAPERBOARD

PRODUCTION



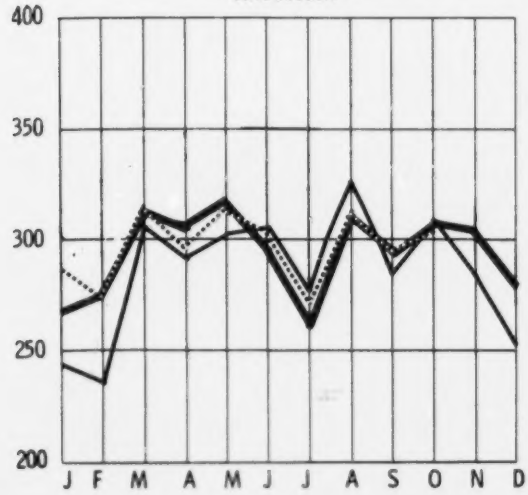
SOLID BLEACHED PAPERBOARD

PRODUCTION



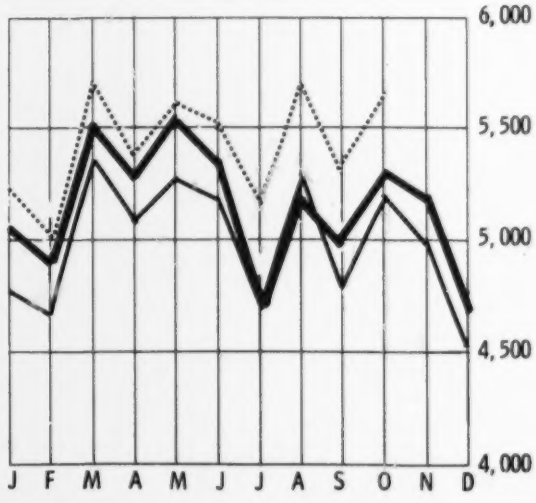
WET MACHINE BOARD AND BUILDING PAPER AND BOARD

PRODUCTION



TOTAL PAPER AND BOARD

PRODUCTION



1977 —— 1978 ▬▬ 1979 ·····

PULP, PAPER AND PAPERBOARD IMPORTS AND EXPORTS DATA

I M P O R T S

	YEAR 1978 Tons	YEAR 1978 $000	AUG. 1979 Tons	AUG. 1979 $000	SEPT 1979 Tons	SEPT 1979 $000	Annual Rate Y-T-D 1979	% Change from same Period Last Year
Pulpwood, Roundwood (in cords of 128 cubic feet)	270662	11481	32081	1389	10392	442	196383	-19.2
Pulpwood Chips	1819169	34864	149101	2785	109522	2181	1544792	23.3
Total All Imports	13267526	3926572	1202139	414413	1006605	356776	13517677	2.6
Wood Pulp, Total	4024560	1086438	378171	131137	322757	113030	4327764	10.2
Waste Paper	69440	7253	6724	1027	8017	1252	67951	-5.5
Other Fibrous Materials	56093	16854	5476	1388	3587	996	48568	-19.0
Paper,Paperbd&Products,Total	9117433	2816028	811768	280861	672244	241498	9073395	-0.4
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	9024340	2640421	803430	261746	663968	221033	8977889	-0.5
Paper, Total	8591929	2562762	759611	253576	624050	213257	8513034	-1.0
Newsprint	7483720	2111648	634156	197721	533367	172007	7150459	-4.8
Printing & Writing	958157	385371	112476	48663	79435	35100	1196340	25.4
Uncoated Groundwood	521602	177010	82604	30919	57646	21519	810807	62.8
Uncoated Book	203204	78744	9460	4674	6516	3360	149754	-30.6
Coated Print.& Impres. Pap	213658	109204	16532	9547	11644	6941	197858	-10.9
Bristols	618	427	170	92	96	56	2546	329.1
Writing and Similar Paper	11748	14284	2302	2335	1677	1720	20297	108.7
Thin (except Cigarette)	7327	5703	1407	1096	1856	1505	15078	95.9
Total Pkg & Other Paper	138132	59377	11032	6087	9765	5320	148006	16.6
Unbleached Kraft Paper	64623	19296	5126	1988	4359	1683	70848	21.2
Other Pkg. & Indust. Paper	73509	40081	5906	4099	5406	3637	77158	12.7
Tissue	11920	6366	1947	1105	1483	830	18229	67.9
Paperboard, Total	100102	18283	6723	1651	6243	1497	76341	-23.6
Test or Containerboard	31860	5185	1381	401	2141	547	19226	-41.6
Semi-Chemical Corrugating	48027	7412	3316	566	2737	491	34866	-24.1
Other Paperboard	20215	5685	2026	684	1365	459	22249	5.7
Wet Machine Board	2717	1497	215	172	135	99	2361	-18.1
Construction Paper & Bd. #	329593	57879	36881	6347	33540	6180	386154	22.3
Building Paper	271870	47017	32726	5450	29374	5278	334988	30.2
Insulating Board	25392	4997	1704	381	1746	353	22087	-12.9
Other Building Board	32331	5865	2452	517	2419	549	29079	-12.4
Convtd Paper&Paperbd Products	93093	175607	8338	19115	8276	20465	95505	5.8
Paper Products, Total	86791	164651	7853	18217	7796	19428	89726	7.1
Paperboard Products, Total	6302	10956	485	898	480	1037	5779	-10.9
Notes								
Other: No Weight Avail. ($000)		78967		7723		7786	82178	6.2
Total Imports Incl. Other($000)		4005539		422135		364561	4662831	18.1

E X P O R T S

Pulpwood, Roundwood (in cords of 128 cu. ft.)	218270	8960	12466	545	14979	700	293301	34.2
Pulpwood Chips	3617574	156779	377408	17537	448708	20773	4432835	21.5
Total All Exports	7659628	2571426	729657	278520	792309	301894	8639379	12.7
Wood Pulp,Total	2598952	817102	247042	94904	274597	104620	2833041	7.4
Cotton Pulp and Other Pulp	88481	47987	8409	4596	9635	5827	125423	50.1
Waste and Old Paper	1599449	145884	191141	22915	169490	20788	2098516	33.7
Paper, Paperbd&Products, Total	3372746	1560452	283065	156105	338587	170658	3582399	6.1
Paper,Paperboard,Wet Machine Bd. & Construction Paper & Board	2895732	1108079	233691	105946	291290	122752	3032206	4.3
Paper, Total	542675	415574	46336	40454	49893	42697	542732	-1.9
Newsprint	82454	29947	3320	1611	4258	2141	53841	-41.7
Printing & Writing	266096	208801	24493	19933	23064	20357	274386	3.3
Uncoated Groundwood	58109	37154	7695	5194	7309	5224	82658	62.7
Clay Coated Paper	73592	54358	7131	5202	6709	5188	73071	0.0
Uncoated Free Sheet	84896	66185	5071	5246	4626	4864	65565	-28.0
Other Printing & Writing	49500	51103	4596	4292	4420	5082	53092	4.9
Total Pkg. & Other Paper	172995	159013	16218	16726	19496	16924	186571	7.2
Unbleached Kraft	45442	17440	2040	1305	4604	2132	50297	10.0
Other Pkg. & Indust. Paper	127553	141573	14178	15422	14892	14792	136273	6.2
Tissue	21130	17814	2305	2183	3075	3274	27934	32.1
Paperboard, Total	2281653	662216	182106	63317	236821	77746	2425985	6.4
Solid Wood Pulp	2078118	576605	169976	58178	222839	71511	2253089	8.4
Total Linerboard	1539510	344110	110116	30601	166185	44588	1614835	4.6
Bleached Kraft Linerboard	194421	50671	11452	3406	13829	4329	183375	-11.0
Unbleached Kraft Linerbd	1345089	293439	98664	27196	152356	40259	1431461	7.0
Other Unbleached Kraft	65833	22330	11327	3258	10655	3436	96001	43.2
Other Bleached Kraft	440724	204423	47466	23971	45590	23292	528295	22.5
Semi-Chemical Corrugating	32051	5742	1068	348	410	196	13958	-61.9
Recycled Paperboard	203535	85611	12130	5139	13981	6235	172896	-14.3
Wet Machine Board	7554	4805	667	425	498	323	7711	15.8
Construction Paper & Bd. #	63850	25485	4582	1750	4078	1987	55778	-14.2
Building Paper	37166	13220	3127	1116	2246	1047	34334	-3.4
Insulating Board E	26684	12265	1455	634	1832	940	21444	-27.3
Convtd Paper&Paperbd Products	477014	452373	49374	50160	47297	47906	550193	17.3
Paper Products, Total	274884	326728	30258	35960	29906	34900	326622	19.5
Paperboard Products, Total	202130	125645	19116	14200	17390	13006	223571	14.1
Notes								
Other: No Weight Avail. ($000)		7523		992		845	8394	16.5
Total Exports Incl. Other($000)		2578949		279512		302739	3199704	26.0
# Hard Pressed Board (not in total)								
Imports of Hard Pressed Board	295729	40483	18881	2750	26186	3912	259557	-14.7
Exports of Hard Pressed Board	25571	8541	4011	1353	3835	1114	34520	35.4

SOURCE: Bureau of Census, U.S. Department of Commerce. E - Estim. of tonnage based on square foot data.

PAPER AND PAPERBOARD PRODUCTION

CENSUS DATA

(Thousands of Tons)

	YEAR 1977	YEAR 1978	MAY 1979	JUNE 1979	JULY 1979 R	AUG. 1979 P	Annual Rate Y-T-D 1979	% Change from same Period Last Year
PAPER								
Newsprint	3525	3535	328	293	291	315	3648	2.6
Uncoated Groundwood Papers	1578	1525	134	146	130	143	1670	9.7
Coated Papers	4189	4514	398	368	386	418	4648	2.3
Uncoated Free Sheet (1)	6914	7358	637	632	585	663	7473	0.5
Cotton Fiber Paper (1)	118	119	12	11	9	11	129	12.6
Thin Papers	362	354	34	32	29	33	382	7.7
Bleached Bristols	1034	1094	99	97	84	101	1125	2.4
Tissue Paper	4262	3957	376	363	356	381	4332	5.4
Unbleached Kraft Packaging & Industrial Conv. Papers(1)	3980	3887	338	327	313	323	3839	-6.3
Other Paper (1)	1529	1385	156	154	137	160	1765	24.2
TOTAL PAPER GRADES	27491	27729	2511	2422	2319	2548	29010	2.7
PAPERBOARD								
Solid Wood Pulp Furnish	21689	21536	1973	1945	1874	1989	22844	5.8
Unbleached Kraft Linerboard	12880	13127	1173	1172	1132	1206	13776	4.7
Other Unbl. Kraft Paperboard	820	880	94	96	90	88	1059	19.4
Bleached Kraft Paperboard	3851	3604	350	326	317	349	3868	6.1
Semi-Chemical Paperboard	4139	3924	357	352	336	346	4140	6.5
Recycled Paperboard	7036	7187	616	598	513	614	7140	-0.9
TOTAL PAPERBOARD GRADES	28725	28723	2590	2542	2387	2603	29984	4.1
WET MACHINE BOARD	128	142	15	15	10	16	167	17.5
CONSTR. PAPER & INSUL. BOARD	3286	3374	302	291	254	297	3384	0.4
TOTAL ALL GRADES [Excl. H.P.B.]*	59630	59967	5418	5270	4971	5464	62546	3.3

WHOLESALE PRICE INDEXES

1967 = 100

	1977	1978	JULY	AUG.	SEPT	OCT.		
Pulp, Paper and Products	186.4	195.6	218.1	221.9	222.8	227.2	216.5	11.7
Pulp, Paper & Products, except Waste Paper ♦	186.4	195.6	218.3	222.2	223.1	227.5	216.8	11.8
Total Wood Pulp	281.1	266.5	321.2	322.5	322.5	339.4	310.6	17.9
Total Paper	194.3	206.1	228.4	229.6	230.6	239.0	227.0	11.1
Total Paper, exc. Newsprint	187.3	199.4	222.1	223.7	225.0	231.3	220.7	11.8
Newsprint	215.5	226.3	247.7	247.7	247.7	262.1	245.9	9.1
Total Paperboard	176.5	179.6	201.5	205.0	209.5	211.2	199.6	12.0
Total Paper and Paperboard ♦	188.7	197.8	220.0	221.9	224.0	230.3	218.4	11.4
Converted Products	176.5	186.5	208.3	213.7	213.9	216.5	207.4	12.4
Waste Paper	187.2	191.2	207.9	206.6	206.7	206.7	203.8	6.7
All Commodities	194.2	209.3	236.6	238.1	241.7	245.2	232.8	12.0
Industrial Commodities	195.1	209.4	237.2	240.3	243.8	248.5	233.2	12.1

(1) - Grade definitions revised by Census as of January 1979. New grades now consistent with API definitions. 1977 and 1978 Census data adjusted by API for comparability with 1979.

* See page 3 for Hard Pressed Board data. ♦ Computed by API P-Preliminary R-Revised

SOURCES: Production - Bureau of Census, U.S. Department of Commerce
Wholesale Price Indexes -Bureau of Labor Statistics, U.S. Department of Labor

total tonnage exports of paper and allied products rose 12.7% in the first nine months of 1979, the dollar value, at a $3.2 billion per year rate, rose 26%.

Imports, by way of contrast, declined sharply from the July-August rate in September, bringing the year-to-date total below the corresponding 1978 level. While declines were recorded in several printing paper grades, imports of uncoated groundwood paper for the nine-month period remained above 800,000 tons per year, for a 63% gain over the corresponding 1978 figure.

Capital Expenditures

Capital expenditures in the paper industry in 1979, as noted here earlier, are forecast at $4.79 billion, according to the Department of Commerce, with the rate in the fourth quarter exceeding $5 billion per year. McGraw-Hill Corporation, in its recently published survey of capital expenditures plans, reports that paper industry capital expenditures in 1980 will rise 19% from the 1979 level. This percentage increase applied to the 1979 Commerce estimate suggests a 1980 figure of $5.7 billion.

The 19% increase in capital expenditures by paper and pulp companies projected by McGraw-Hill for 1980, ranked among the highest for the separate industries reported. It compared, for example, to a 14% increase for all non-durable goods companies, a 13% increase for all manufacturing companies, and a 9.5% increase for all business generally. McGraw-Hill pointed out that business expected the rate of increase in the cost of all capital equipment to match the rate of increase in capital expenditures, so that in real terms, the increase in total U.S. expenditures on plant and equipment would be zero.

Among all the industries listed, only expenditures by aerospace companies, scheduled to rise 22%, and non-ferrous metal companies, up 27%, exceeded the expected gain in paper company expenditures, while those for iron and steel companies just matched paper's 19%.

The API Capacity Survey indicates that the industry will increase its rate of additions to paper and paperboard capacity from 1.5 million tons in 1979 to about 2 million tons in 1980, and wood pulp capacity from 1 million tons to about 1.5 million tons. Thus, outlays for new capacity are not the main factors in the capital expenditures increases for the industry. The money is being spent on modernization of existing plant and equipment, new converting capacity, new pollution abatement and other government mandated facilities. Some may be finding its way into investments by paper companies in other industries. These figures do not include expenditures on land or purchases of existing plant and equipment by one company from another.

Continued on Page 12

Continued from Page 11

The gain in capital expenditures projected by McGraw-Hill was foreshadowed by Conference Board data on capital appropriations, which showed that the annual rate of capital appropriations in the first half of 1979 by those paper companies included in the 1,000 largest corporations in the U.S. were nearly twice their year-ago rate.

The National Council of the Paper Industry for Air and Stream Improvement recently published data on paper industry environmental protection expenditures for the 1978-1979 period. The survey showed that in 1978 the paper industry spent $363 million on pollution abatement equipment, which accounted for 16% of the total capital expenditures of the primary industry. The study showed that such expenditures had reached a peak of 38% of capital expenditures at primary mills in 1972, and as recently as 1976 accounted for 29% of the total. The report further showed that at the present time industry plans to spend $303 million for environmental protection capital equipment in 1979. These figures reflect the completion of programs to meet the 1977 water standards; the industry is still uncertain over the specifics of the 1984 water standards and their cost.

Earnings

Sales and earnings of paper and allied products companies confirm the strength in total paper and paperboard production. Data for 31 paper and allied products companies show third quarter 1979 sales at a record high of $9.02 billion, 14.3% over the year-earlier quarter. Earnings of these companies, at $556 million, were 35% over the year-earlier quarter. For the entire three quarter period, sales were up 13%, earnings 34%. The 1979 margin on sales was 6.6% compared to 5.6% a year earlier.

A similar pattern was shown by 11 paper related companies. These include companies with major operations in the paper industry, but which have most of their sales in some other industry. For these companies, sales in the first three quarters of 1979 were up 18% from their year-ago level, earnings up 25%. The margin on sales for these companies went from 5.5% in 1978 to 5.8% in 1979.

Sales of the 31 paper companies in the second quarter were equivalent to about 64% of the total sales reported for paper and allied products companies by the Federal Trade Commission. Earnings, however, accounted for 70% of total industry earnings.

INDUSTRY FACT SHEET

AMERICAN PAPER INSTITUTE, INC.
260 Madison Avenue
New York, New York 10016

November 19, 1979

	PRODUCTION (000 TONS)					
	Oct. 1979	Sept 1979	Oct. 1978	Jan - Oct. 1979	Jan - Oct. 1978	% Change 79/78
PAPER GRADES	P	R				
Newsprint	350	340	327	3367	3138	7.3
Uncoated Groundwood (s)	125	119	116	1221	1081	13.0
Coated Paper (s)	398	364	391	3755	3735	0.6
Uncoated Free Sheet Paper (s)	685	631	622	6544	6044	8.3
Thin Paper (c)	33	32	30	320	295	8.4
Cotton Fiber Paper (s)	12	10	10	105	95	11.0
Bleached Bristols (c)	94	88	94	932	913	2.1
Tissue Paper	390	368	361	3810	3544	7.5
Unbleached Kraft Packaging & Indl. Converting (s)	350	319	320	3328	3282	1.4
Other Paper (c)	165	150	114	1492	1201	24.2
TOTAL PAPER	2603	2423	2383	24873	23326	6.6
PAPERBOARD GRADES						
Kraft Linerboard, Unbleached	1251	1142	1143	11707	11114	5.3
Other Kraft Paperboard	101	89	83	1040	997	4.3
Semichemical Paperboard	403	387	393	3949	3715	6.3
Bleached Paperboard	343	318	348	3359	3377	-0.5
Recycled Paperboard	675	622	666	6416	6280	2.2
TOTAL PAPERBOARD	2773	2558	2634	26470	25483	3.9
CONSTRUCTION & WET MACH GRADES(c)	304	289	307	2961	2935	0.9
TOTAL PAPER AND PAPERBOARD	5679	5269	5323	54304	51744	4.9
HARD PRESSED BD.[not in total](c)	200	175	190	1807	1854	-2.5

WOOD PULP (ALL GRADES)	Sept 1979	Aug. 1979	Sept 1978	Jan - Sept 1979	Jan - Sept 1978	% Change 79/78
Dissolving & Special Alpha	109	155	93	1102	1103	-0.1
Bleached Sulphite	127	119	98	1012	1148	-11.8
Unbleached Sulphite	32	35	29	298	235	27.1
Bleached & Semi-Bl. Sulph.	1453	1597	1397	13495	12856	5.0
Unbleached Sulphate	1602	1658	1580	14722	14267	3.2
Semichemical	397	441	329	3545	3004	18.0
Groundwood and Thermo-Mechanical	369	387	360	3344	3258	2.6
TOTAL PULP DIVISION DATA	4087	4393	3886	37518	35870	4.6
Defib. Exploded & Screws E	254	285	255	2357	2373	-0.7
TOTAL WOOD PULP PRODUCTION	4342	4678	4141	39875	38243	4.3

Note: Paperboard cumulative totals include revisions not available monthly.

(s) - Shipments R - Revised E - Estimate
P - Preliminary (c) - Census Data - Production, last 2 months estimated.

November 21, 1979

	Full Year		INDUSTRY DATA			Ann. Rate Year - To - Date	% From Same Pd. Last Yr.
			R	R	P		
PAPER AND PAPERBOARD -- Tons (000)	1977	1978	August	September	October		
Total Production (API)..... excluding	59778	61632	5701	5269	5679	65165	4.9
Total Seasonally Adjusted.... excluding			5451	5465	5351	64588	4.9
Imports (including Products). hard pressed	7432	9117	812	680	700	9006	-2.1
Exports (including Products). board	3230	3373	283	289	300	3584	5.6
Apparent Consumption.....	63980 a	67376b	5980	5748	5751	70009	3.9
Paper Production % Tonnage Capacity.....	91.9 g	91.7g	97.2	92.6	95.8	95.8gh	—
Paperboard Production % Tonnage Capacity.....	90.9 g	92.7g	93.9	90.0	95.5	94.0g	—
			July	August	September		
MARKET WOOD PULP PRODUCTION - Tons (000).....	4819	5165	487	516	483	5598	7.3
TOTAL WOOD PULP PRODUCTION - Tons (000)..(f)....	46652	47662	4092	4393	4087	50024	4.6
WOOD PULP IMPORTS - TONS (000).....	3864	4025	352	378	323	4328	10.2
WOOD PULP EXPORTS - TONS (000).....	2640	2599	279	247	275	2833	7.4
RAW MATERIALS CONSUMPTION - Tons (000)							
..PAPER AND BOARD MILLS			July	August	September		
Wood Pulp..(k).....	47596	48777	4154	4462	4130	51033	4.6
Waste Paper....(d).....	14058	14600	1122	1295	1219	14931	2.5
Other (Census).....E	745	666	45	55	50	651	-2.6
Total.....	62399	64043	5321	5812	5399	66614	4.1
..WOOD PULP - NON PAPER.....E	876	884	77	82	78	927	7.0
PULPWOOD CONSUMPTION Cords(000)Amer.Pulpwd. Assn	74807	77290	6469	6644	6448	79577	2.1
EMPLOYMENT (000)			August	September	October		
Paper and Allied Products.....Total.....	691.6	700.9	723.3	718.4	718.3	714.0	1.9
Pulp, Paper and Board Mills.....Total.....E	272.3	267.0	277.4	274.0	274.0	271.2	1.3
AVERAGE HOURLY EARNINGS OF PRODUCTION WORKERS ($)							
Paper and Allied Products.....	5.96	6.52	7.22	7.31	7.36	7.05	9.0
Pulp, Paper Mills.....E	6.75	7.44	8.41	8.55	8.60	8.16	10.6
Paperboard Mills.....E	6.94	7.68	8.48	8.74	8.80	8.31	9.5
CAPITAL EXPENDITURES: PAPER & ALLIED PRODUCTS			1979 Q2	1979 Q3	1979 Q4		
(Rept. by US Dept. of Com.; Ann. Rates; $bill.$)#	3.36	3.46	4.80	4.68	5.14	4.79	38.4
INDEX OF OUTPUT PER MAN-HOUR (1967=100).....			June	July	August		
:IN PULP, PAPER :...Production Workers.....RS	148.1	153.9	156.7	154.5	155.9	157.5	3.4
:AND BOARD MILLS:...All Employees.....RS	144.0	148.4	151.4	149.2	150.3	151.7	3.0
PAPER AND ALLIED PRODUCTS (Million $)			July	August	September		
Industry Shipments (Dept. of Commerce)#.....	52368	57654	5659	5663	5823	65923	16.1
Pulp, Paper and Paperboard#.....	23701	25343	2541	2586	2574	29784	19.0
Inventories (End of Period) - Total Industry#.	5628	5875	6464	6358	6483	6483	11.0
Pulp, Paper and Paperboard#.....	2102	2006	2110	2148	2163	2163	7.9
			1978 Q4	1979 Q1	1979 Q2		
Sales (Corporations Only, FTC).....	45750	48982 RS	12841	12997	13828	53650	12.9
Earnings (Corporations Only, FTC).....	2367	2598 RS	734	867	917	3568	42.7
Depreciation (Corporations Only, FTC).....	1663	1726 RS	445	447	479	1852	10.5
Net Worth (Corporations Only, FTC).....	19704	20794 RS	20794	21282	21808	21808	9.9
PRICE INDEXES (Bureau of Labor Stats)1967=100			August	September	October		
Total Pulp, Paper and Allied Products.....	186.4	195.6	221.9	222.8	227.2	216.5	11.7
Wood Pulp.....	281.1	266.5	322.5	322.5	339.4	310.6	17.9
Waste Paper.....	187.2	191.2	206.6	206.7	206.7	203.8	6.7
Paper.....	194.3	206.1	229.6	230.6	239.0	227.0	11.1
Paperboard.....	176.5	179.6	205.0	209.5	211.2	199.6	12.0
PAPER DEMAND (INDEXED: 1967=100)			August	September	October		
Total Paper Production #.....	131.0	133.1	147.1	143.7	142.0	142.0	6.7
Paper New Supply #.....	124.0	131.2	143.6	134.8	137.8	137.6	4.6
Total End - Use Index #.....	134.4	139.5	145.3	145.1	144.2	144.4	4.0
Production of Nondurable Goods #...(19%)..	150.5	157.0	164.4	164.3	164.8	163.1	4.4
Disposable Income (Constant $) #...(23%)..	138.6	145.2	148.5	147.7	142.1	147.9	2.4
Total Printing and Publishing #...(58%)..	127.6	131.5	137.7	137.7	138.2	137.0	4.6
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
PAPERBOARD DEMAND (INDEXED: 1967=100)							
Total Paperboard Production #.....	127.0	132.8	136.2	140.4	136.0	137.4	3.9
Production for Domestic Use	271.3	227.3	133.7	139.5	133.8	135.7	3.9
Total End - Use Index #.....	141.6	147.7	150.5	151.5	151.9	151.8	3.4
Production of Consumer Goods #...(60.49%)	145.3	149.1	148.3	149.8	150.3	150.7	1.4
Production of Equipment #...(6.62%)	123.0	132.8	141.6	142.9	142.0	141.5	7.4
Production of Materials #...(32.89%)	138.6	148.3	156.3	156.4	156.8	156.0	6.3
Trend Factor	----------	----------	----------	Not Available	----------	----------	----------
NEWSPRINT MARKETS			July	August	September		
Consumption by Publishers - Tons (000).....	10229	10872	866	914	949	10996	4.2
Newspaper Pub. and Printing Emp. Total (000)..	395.6	407.4	422.5	421.6	421.8	418.4	3.1
PRINTING AND FINE PAPER MARKETS							
MAGAZINE ADVERTISING PAGES (LNA, Inc.).....	106489	115317	8068	7596	10803	112613	4.8
WHOLESALERS SALES AND INVENTORIES (Million $)							
Total Paper & Pap. Prdcts..ex Wallpaper..Sales	15482	17586	1585	1777	1583	19395	12.5
Inventories (End of Period)	1261	1482	1608	1604	1672	1672	18.2
Paper Only.....Sales	11799	13078	1192	1327	1190	14699	15.2
Inventories (End of Period)	873	1025	1079	1055	1093	1093	12.0
RETAIL TRADE (Million $)			August	September	October		
Total Retail Sales #.....	724020	798818	74794	76745	75452	874159	10.8
Nondurable Goods Stores Sales #.....	476188	520902	48854	49873	49797	571358	10.8
GENERAL ECONOMIC DATA							
TOTAL INDUSTRIAL PRODUCTION (INDEX 1967 = 100)#.	138.2	146.1	151.6	152.3	152.5	151.2	4.2
WHOLESALE PRICES(ALL COMMODITIES)(INDX 1967=100)	194.2	209.3	238.1	241.7	245.2	232.8	12.0
			July	August	September		
CONSUMER PRICES (ALL ITEMS) (INDEX 1967 = 100)..	181.5	195.4	218.9	221.1	223.4	214.1	10.8
TOTAL CONSUMER CREDIT OUTSTANDING - ($billion $).	230.8	275.6	295.1	299.8	303.9	303.9	15.4
GROSS NATIONAL PRODUCT - ANNUAL RATE ($billions).			1979 Q1	1979 Q2	1979 Q3		
G.N.P. or Expenditure - Current $.....	1899.5	2127.6	2292.1	2329.8	2395.4	2339.1	11.8
G.N.P. OR Expenditure - 1972 $.....	1340.5	1399.2	1430.6	1422.3	1434.4	1429.1	2.8

lb/capita Popul.(mil)
.a - 590 216.8
.b - 617 218.5
.c - 635 220.4
.d - 1977 - 12192; 1978 - 13185 (000 tons)as rub. by U.S. Census Bureau
.E - Last month estimated by API

f - Wood Pulp Production excludes estimates for defibrated exploded & screenings. Production was: 1977 - 3,218; 1978 - 3,138 (000 tons)
g - Adjusted for holiday shutdowns
h - Adjusted to conform with API Division data
k - Excludes consumption of defib. & expl. pulp for hard p. bd.: '77 - 1,688; '78 - 1,635 (000 tons)

N.A. - Not Available
P - Preliminary
Q - Quarter
R - Revised
RS - Revised Series
y - Full year estimated by U.S. Dept. of Commerce
- Seasonally adjusted